

# Shasta LAFCO

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## Shasta Local Agency Formation Commission

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### MINUTES

#### Regular Meeting – April 2, 2009

(These minutes are not intended to be a verbatim transcription of the proceedings and discussion associated with the business on the Commission's agenda; rather, what follows is a summary of the order of business and general nature of testimony, Commission deliberation, and action taken.)

#### CALL TO ORDER/ROLL CALL/INTRODUCTIONS

Chairman Gover called the meeting to order at 9:00 am at the City of Redding Council Chambers, 777 Cypress Avenue, Redding, CA. Commissioners Baugh, Dickerson, Farr, Fust, Gover and Haynes were present. Commissioner Kehoe was absent. Executive Officer Mickelson, Counsel Johnson and Clerk Smith were present as staff.

#### PLEDGE OF ALLEGIANCE

Commissioner Farr led the Pledge of Allegiance.

#### PUBLIC COMMENT

There was no public comment submitted.

#### MINUTES

The minutes of February 11, 2009 were presented. Ms. Mickelson noted that a comment by Commissioner Mathena regarding sales tax income for the City of Shasta Lake MSR should be added to the minutes. By motion made and seconded (Fust, Haynes) the Commission approved the February 11, 2009 minutes as amended. Commissioner Dickerson abstained.

#### BUDGET & FISCAL AFFAIRS

##### Consideration of Checking Account Statements

Ms. Mickelson presented the following bank statements: US Bank: two statements dated January 31, 2009 and February 28, 2009; Tri Counties Bank: two statements dated February 17, 2009 and March 17, 2009; and LAIF: two statements dated January 2009 and February 2009. By motion made and seconded (Baugh, Haynes) the Commission approved the bank statements as presented.

##### Fiscal Year 2008-09 3rd Quarter Transaction Register to Date

The 3<sup>rd</sup> Quarter Transaction Register was presented for review and adoption. By motion made and seconded (Baugh, Haynes) the Commission approved the Transaction Register.

#### Consider Fiscal Impacts of PTO/Administrative Leave Accrual

Commissioner Farr reported the Committee's (Farr, Fust & Kehoe) findings regarding the Fiscal Impacts of PTO/Administrative Leave Accrual. The Committee did not present a recommendation; instead, they wanted to bring their findings to the full Commission and see how the Commission would like to proceed regarding this issue.

Since there was a recent rotation of City Commissioners, Commissioner Fust summarized the history of the item brought before the Commission today. Discussion followed.

Chairman Gover stated that this issue needs to be resolved so the Commission, as well as staff, can move forward. The Commission agreed.

Commissioner Fust noted that he desired to draft his own language, as an alternative, in respects to Administrative Leave and PTO accrual. Commissioner Farr asked Counsel Johnson if Ms. Mickelson has to support the revised language. Counsel Johnson stated that since the language is regarding Ms. Mickelson's contract and not an employee policy that she would have to agree to the terms of the contract.

Commissioner Baugh stated that he would like any and all information regarding this item, brought before the Commission before making a decision. He felt that the Commission needed back up paperwork in order to make the best decision.

By motion made and seconded (Baugh, Fust), the Commission approved moving this item to the next meeting with drafted language regarding Administrative Leave and Paid Time Off.

#### *CHANGE IN AGENDA ORDER*

Commissioner Gover asked if the Commission would agree to move onto item 7d since a majority of those in attendance were present for that item. The Commission supported the change in order and Commissioner Gover moved on to item 7d.

#### **CHANGES OF ORGANIZATION AND/OR REORGANIZATION**

##### Potential Westlands Annexation Request

In February, the Executive Officer provided information to the Commission regarding a possible annexation request from the Fresno-based Westlands Water District for a large piece of District-owned property in Eastern Shasta County, located along the McCloud River.

As of March 26, 2009, no further communication has been received from Westlands by either Shasta LAFCO or Fresno LAFCO. Ms. Mickelson stated that Fresno LAFCO is aware of Shasta LAFCO's desire to be granted Principal County status, should an annexation request be received. She noted that the Commission had previously directed her to send correspondence stating Shasta LAFCO's position on the Principal County matter and she had done so, as directed.

Ms. Mickelson also reminded the Commissioners to look at the potential annexation from a LAFCO position; remembering that at times, Special Districts or County viewpoints issues may differ greatly from a LAFCO standpoint.

Commissioner Fust requested a copy of the correspondence sent to Fresno LAFCO. Ms. Mickelson stated that she would provide that to the full Commission.

By motion made and seconded (Fust, Baugh), the Commission approved Counsel Johnson to look deeper into the law regarding pertaining to this type of situation. Commissioner Farr dissented.

Discussion followed. Commissioner Farr asked if there were enough funds in the budget to pay for additional hours for legal counsel. Ms. Mickelson stated that it might require an amendment to the budget. Chairman Gover added that he would like legal counsel to draft a letter regarding the Westlands project but does not want to spend too much money. Commissioner Farr felt that while LAFCO might have to spend additional funds on legal fees, he felt at this time it wasn't necessary. Commissioner Dickerson expressed his overall concerns about Westland's Water District and their historically aggressive nature.

The Chair called for any Public Comment at 10:21. Alternate Public Member Mathena felt that the Commission was picking a fight that did not yet need to be fought. While he felt it was wise to be aware of the issue and keep our eye on the issues, he felt that the Commission should give it a chance to see if develops into anything.

Alternate Special District Member Morgan supported the Commission in regards to having legal counsel look into this issue further.

Chairman Gover resumed the meeting at item 5d.

## **BUDGET & FISCAL AFFAIRS**

Public Hearing: Consideration and Adoption of 2008-09 Draft Budget as Required by Government Code Section 56381 (c)

Ms. Mickelson reviewed each line item of the 2009-10 Draft Budget with the Commission. Assuming no significant unanticipated expenses developing over the remainder of the fiscal year, LAFCO is on track to end the year under budget – at approximately 93-94% of projected expenditures. Ms. Mickelson informed the Commission that some numbers are likely to change for the 2009-10 Final Budget since many of the vendors were unable to provide LAFCO with accurate figures at this point in the draft budget process.

Commissioner Fust expressed his concern over increasing the contribution amounts to the contributing agencies. Commissioner Haynes stated that she would like to see LAFCO skim as much as possible on all expenses and doesn't want to see an increase as well. Commissioner Baugh echoed the same concerns.

Commissioner Farr noted that the proposed expenses for 2009-10 are actually less than the current fiscal year and the major increase is due to the addition of the Accrued Benefits line item. He suggested cutting that particular line item in half to lessen the increase that would be required to fund the proposed budget. Commissioner Baugh added that if the Commission were to do that, the budget would still be short \$10,000 in revenue without passing on an increase to the contributing agencies. Ms. Mickelson requested that the line item remain as presented since it has been such a concern with the Commission.

Ms. Mickelson noted that LAFCO has been relying heavily on reserves for the past several years and that the contributions have not had significant increases because of that. She added that those reserves would expire soon and as such, there would be significant contribution increases in the very near future – possibly as soon as Fiscal Year 2010-11. Commissioner Baugh added that without the use of the Fund Balance (reserves) there would be a necessary increase of contributions of 37%.

At 11:00 a.m., the Public comment period on the 2009-10 Draft Budget was opened.

Alternate Public Member Mathena suggested that staff look into alternatives to outside mailing sources. Staff concurred and committed to research that possibility.

Alternate Special District Member Morgan asked what projected increase amount would be to Special Districts. Ms. Mickelson stated that it would likely be between 9-10% but the current projections were based on an older State Controller's report, not the most recent figures, which had just been released a few days previously. She noted that a request had been made to the Auditor's office to prepare the current calculation.

11:05 a.m. the public comment period was closed.

By motion made and seconded (Dickerson, Farr) the Commission adopted the 2009-10 Draft Budget as presented.

### **SPECIAL STUDIES AND REPORTS**

#### Municipal Services Reviews: Shasta Lake Fire Protection District Final MSR

By motion made and seconded (Dickerson, Farr) the Commission approved the Final Shasta Lake Fire Protection District Municipal Services Review as presented.

#### Municipal Services Review Update

Ms. Mickelson provided the Commission with the current MSR update. This was an information item only. No action was taken.

### **CHANGES OF ORGANIZATION AND/OR REORGANIZATION**

#### Report on Upcoming or Potential Proposals

The Executive Officer provided a brief summary to the Commissioners regarding upcoming and expected proposals. Discussion followed. No action was taken.

### **OPERATIONS & ADMINISTRATION**

#### Receive Termination of Services Letter from LAFCO Counsel, Effective June 30, 2009

Ms. Mickelson provided the Commission with a Termination of Services Letter from Counsel Johnson.

By motion made and seconded (Baugh, Dickerson) the Commission directed staff to circulate an RFP for legal counsel.

### **COMMISSIONER ANNOUNCEMENTS**

None

**STAFF ANNOUNCEMENTS**

The Executive Office will be putting together a Special LAFCO Workshop for the Commission on May 7, 2009 at a location TBA. The next regular LAFCO meeting will be at 9:00 am on June 11, 2009 at the City of Anderson.

**CLOSED SESSION**

None

**CLOSED SESSION REPORT**

None

**ADJOURNMENT**

There being no further business, Chairman Gover adjourned the meeting at 11:12 am.

Respectfully submitted,

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Jessica Smith  
Clerk to the Commission

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Date